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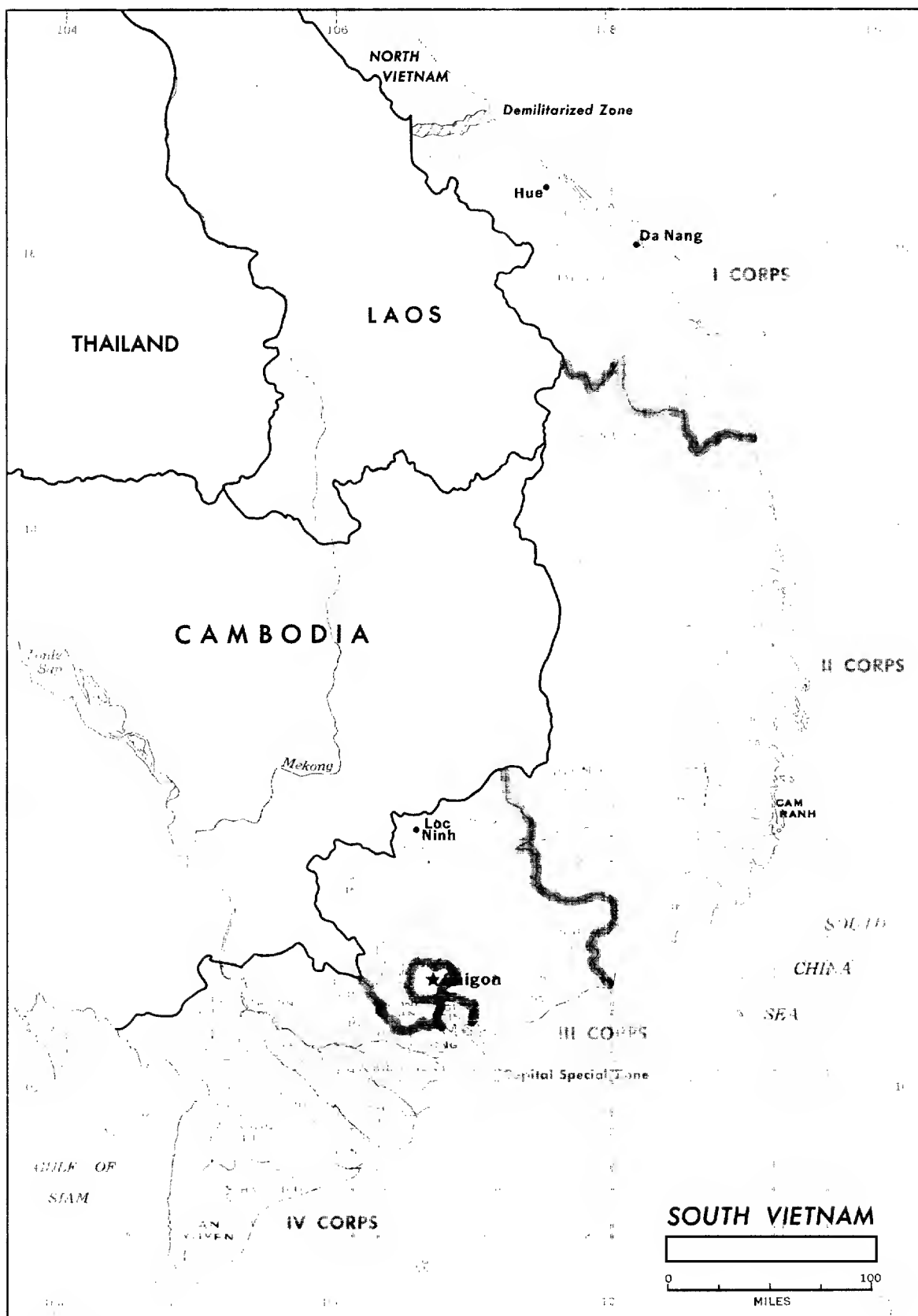
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[Vietnam: No major Communist actions developed over the weekend, but there were continuing indications that a new offensive targeted primarily against the III Corps - Saigon area might soon unfold.

Enemy military activity in the III Corps - Saigon area during 13-15 December was limited to small-scale ground probes and attacks-by-fire against allied positions astride known infiltration corridors to Saigon. The pattern of these actions in recent days suggests an effort by the Communists to screen the southward deployment of main force units from remote base areas and border sanctuaries to forward staging areas flanking Saigon.

Elsewhere in this sector, the Communists heavily shelled a refugee hamlet near Loc Ninh--killing one Vietnamese civilian and wounding 72--and also intensified their terrorist activities within Saigon proper.

25X1 [] prisoners also continue to report the strong probability of forthcoming attacks in this area, unless pre-empted by allied spoiling operations and B-52 strikes.

In the northern provinces of South Vietnam, meanwhile, Communist attack preparations continue to be reported in the Da Nang area, and a recent defector claims that North Vietnamese forces will attack Hue "during the general offensive in late December."

25X1 [] (Map)]

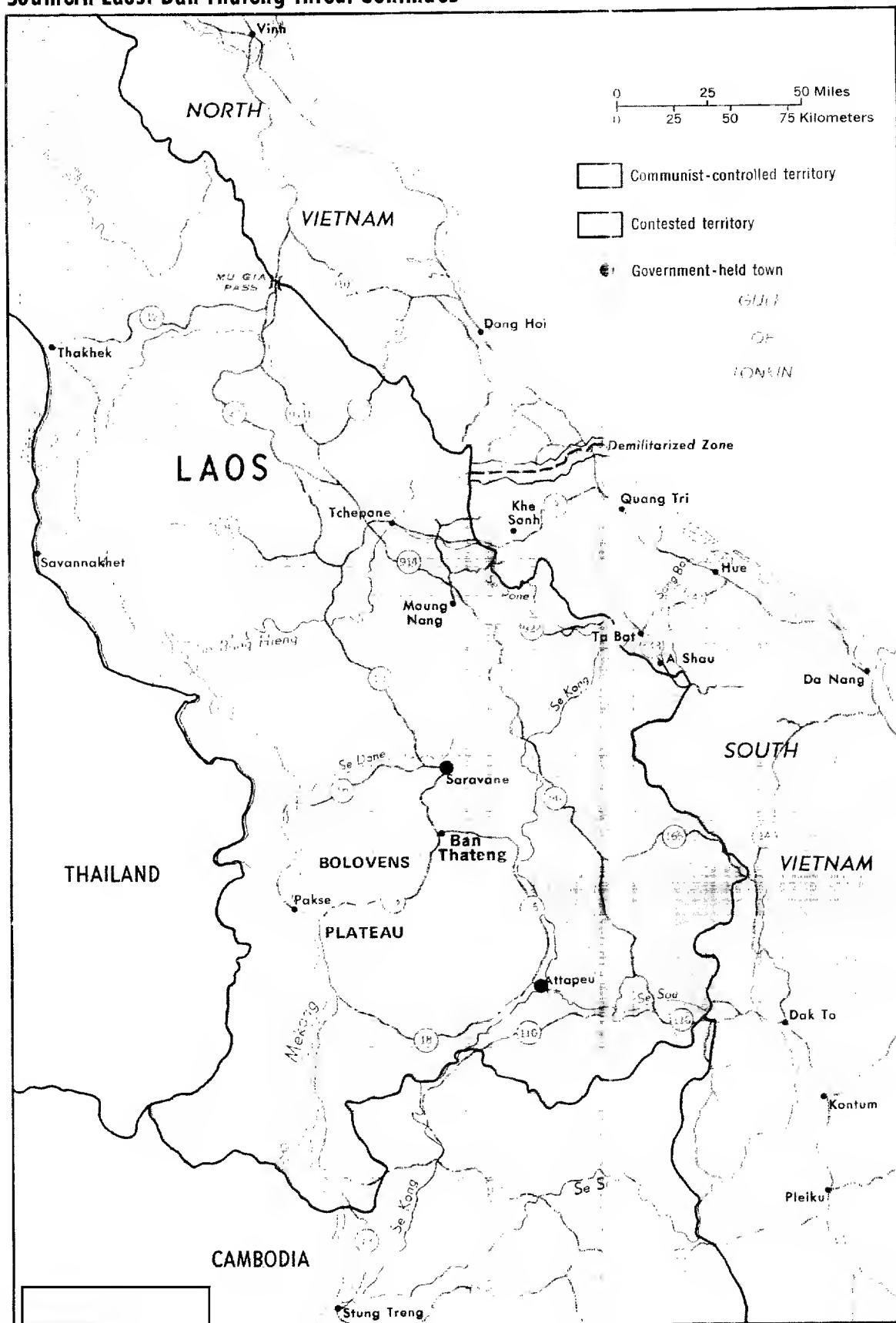
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Southern Laos: Ban Thateng Threat Continues



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Laos: Government troops supported by heavy air-strikes have given a mauling to North Vietnamese forces near Ban Thateng, but the two-week struggle for this strategic village may not be over.

Government positions just south of Ban Thateng have been strengthened after two days of bitter fighting. Fresh troops and supplies have been flown in and reconnaissance teams are setting up defensive positions along routes leading into the area.

The village itself is being held by an estimated battalion of North Vietnamese that has been dug in there since the initial assault on the government positions faltered. Laotian Army patrols have skirmished with the enemy in the village, but there are still not enough government troops in the area to drive out the well-entrenched Vietnamese. Substantial numbers of civilians in the village, most of them dependents of the Laotian troops, preclude air-strikes against enemy positions there.

Remnants of two other North Vietnamese battalions that are believed to have made up the attacking force have withdrawn under the cover of darkness. There are some indications, however, that the North Vietnamese are bringing up reinforcements from other areas of the Bolovens Plateau to renew the battle.

Although an accurate count of enemy casualties is not possible, reports [] indicate that the North Vietnamese have lost as many as 200 to 300 killed. If these figures are correct, the assault may be the costliest engagement the North Vietnamese have ever fought in Laos. []

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[] (Map)

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Brazil: Most Brazilians seem to feel powerless in the face of severe repressive measures instituted Friday by the Costa e Silva government.

The army has arrested many of its former critics, and the government intends to strip many of them of their political rights. Prominent persons picked up thus far include former president Kubitschek, opposition spokesman Carlos Lacerda, a number of state and federal deputies, and several highly respected journalists. Others reportedly have gone into hiding or sought asylum. Strict censorship has been imposed on all communications media, including the international wire services.

The President's own position is not completely clear as he is known to have opposed any departure from constitutional procedures. He clearly had little choice but to accept the military's demands if he wished to remain in office.

The government will have little support except from the military establishment, but active resistance will probably be slow to develop. Church, student, and labor groups as well as other elements will eventually make efforts to restore normal political life. For example, the conservative cardinal of Rio de Janeiro has reacted with uncharacteristic vigor in angrily defending priests and students who have been arrested.

Leading army generals are presumably running the government, and they can count on solid support from hard-line officers. The military's violent reaction to criticism indicates a basic failure to understand the forces working for social and economic reform in Brazil, which does not bode well for a return to constitutional government in the foreseeable future.

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East Germany - Rumania: Foreign Minister Manescu's recent visit to East Germany reflects new efforts by both sides to improve relations.

The communiqué after the five-day visit called for negotiations on a bilateral treaty of friendship and mutual assistance, something Bucharest had previously avoided despite the conclusion of similar treaties between Pankow and other Eastern European countries. Both sides advocated a conference on European security and stressed cooperation between "all European states" and "peaceful coexistence between states with different social orders."

A compromise statement regarding West Germany declared that both sides believed the establishment of relations between Bonn and Pankow would "facilitate progress toward achieving European security." Manescu concluded his visit yesterday by inviting East German Foreign Minister Winzer to visit Bucharest next year.

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Philippines-Malaysia: An informal Philippine-Malaysian understanding over the Philippine claim to Sabah probably foreshadows a moratorium on the issue rather than early discussions toward a solution. The understanding, reportedly reached on 15 December by Philippine and Malaysian officials attending an international conference in Thailand, must be approved by their governments. Tensions may be eased by the Philippine foreign secretary's statement recognizing current Malaysian sovereignty over Sabah. [REDACTED]

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Chile: The government has knuckled under to demands of students at the Communist-dominated State Technical University following violent demonstrations last week. It will provide a supplemental appropriation to help cover the university's budget deficit. The government offer has been accepted by the Communist rector, but the Socialists at the university have embarrassed the Communists by refusing to resume classes. This division within the university movement could provoke further demonstrations. [REDACTED]

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Canada: In public statements on 13 December, Prime Minister Trudeau took a more positive view of NATO than he has in the past. He said that any acceptable defense posture for Canada would require continuing expenditures at least on the present level. Trudeau made it clear, however, that a review of defense policy is still under way, with no final decisions having been made. [REDACTED]

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(continued)

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25X1 [Panama: The national guard seizure of the University of Panama on 14 December appeared to have been planned well in advance. The post-midnight raid encountered no resistance, and the government decreed the campus will remain closed, perhaps for six months, until sweeping reforms permit the university "to accomplish its lofty social commitments." Members of the ruling junta, which overthrew the Arias administration two months ago, had indicated that university corruption was to be a prime target for reform. The students' continued political opposition to the government probably provided further incentive.]

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